

This section includes services provided by the Delaware Economic Development Office, through The Delaware Economic Development Authority.

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CLEAN ENERGY CENTER PARTNERSHIP:

The purpose of the Clean Energy Center is to build nationally recognized science, engineering and policy expertise in the research, development and deployment of clean energy technologies such as photovoltaic, fuel cells, and hydrogen storage and generation. These funds shall be used solely to match, at least on a dollar-for-dollar basis, grants or contracts from private industry to conduct cooperative research with the University of Delaware and Delaware State University. This appropriation shall be used to match new monies and cannot be allocated to any projects already funded or in progress as of June 30, 2004

Preference for the disbursement of funds shall be given to research projects that directly support the commercial or industrial application of clean energy technologies and cannot be used for physical space or related infrastructure. The Delaware Economic Development Office has established an advisory board to recommend projects for the allocation of funds. The board includes representatives of the private sector, State government, the University of Delaware and Delaware State University with the Chairperson of the Board being a private sector representative.

The Delaware Economic Development Office
99 Kings Highway
Dover, Delaware 19901
Phone: (302) 739-4271
Fax: (302) 739-2028

DELAWARE STRATEGIC FUND:

The Delaware Strategic Fund represents the primary funding source used by the Delaware Economic Development Office (“DEDO”) to provide customized financial assistance to Delaware-based entities for the purpose of job creation and/or retention. Some specific uses of the fund are:

1. Direct Funding to Growing Delaware Businesses or Business Relocating to the State

DEDO provides financial assistance in the form of grants, low interest loans and other creative instruments to support the growth, retention or attraction of businesses that pay sustainable-wage jobs. Financial assistance is awarded on terms that are specific to each applicant's individual situation, so please contact DEDO for further details.

2. Funding of Economic Development Initiatives and Organizations

DEDO supports partner organizations such as the Delaware Manufacturing Extension Partnership (“DEMEP”) and the Delaware Small Business Development Centers (“SBDCs”) with funding from the Strategic Fund.

3. SBIR Bridge Funding

DEDO provides \$50,000 grants to small business (less than 100 employees) that have been awarded a Phase I SBIR or STTR and have applied for but not yet received a Phase II. An awardee is eligible for three grants over a five year period and its principal place of business must be in Delaware.

DELAWARE STRATEGIC FUND (continued):

4. Brownfield Grants

To promote the redevelopment of sites perceived to have environmental problems, DEDO offers new owners of Brownfield sites who have received an indemnification letter from the Department of Natural Resources and Environmental Control grants for post Phase I environmental investigation and remediation. Grants are capped at the 50% of the project cost up to \$100,000.

Typically, a request for financial assistance from the Strategic Fund is first discussed with a staff member of the Delaware Economic Development Office. Projects deemed to qualify under legislative, regulatory, and policy guidelines, are presented to an internal investment committee comprised of DEDO senior staff. The committee then formally invites a company to complete a comprehensive application, which is reviewed by DEDO staff and legal counsel. The project is then presented to the Council on Development Finance for a recommendation of approval by the Chairperson of The Delaware Economic Development Authority. Financial assistance awards are concluded by a contract that memorializes terms and conditions.

For further information about Strategic Fund assistance, please contact:

The Delaware Economic Development Office
Capital Resources
99 Kings Highway
Dover, Delaware 19901
Phone: (302) 739-4271
Fax: (302) 739-2028

DELAWARE COMPETITIVENESS FUND:

The purpose of the Delaware Competitiveness Fund is to induce Delaware manufacturers to make capital investments to preserve and expand productivity, competitiveness and jobs at existing Delaware plant sites that face decline due to national and global competition.

Specific uses for the Fund:

1. Provide a matching-fund program to induce manufacturers to modernize their facilities and preserve high wage jobs.
2. Assist existing manufacturers in the transformation to updated processes that will keep the facility in operation.
3. Establish new product lines or diversify product lines.
4. Induce buyers for idled facilities that have an available workforce and the capability to manufacture products.
5. Provide low-interest loans, including loans that may be matched by commercial lending institutions through a collaborative program.
6. Encourage the location of research and development operations related to existing manufacturing.
7. Provide training specific to new processes and operations.

For further information about Competitiveness Fund assistance, please contact:

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Capital Resources
99 Kings Highway
Dover, Delaware 19901
Phone: (302) 739-4271

TAX EXEMPT BOND FINANCING:

The Delaware Economic Development Authority (DEDA) provides statewide financial assistance to new or expanding businesses, governmental units and certain organizations that are exempt from federal income taxation (collectively, “assisted persons”) by issuing tax exempt bonds and lending the proceeds of such bonds to these assisted persons. Tax exempt bonds bear lower interest rates than comparable taxable bonds, because the interest paid to bond holders is exempt from federal and Delaware income taxes. DEDA is able to pass on this lower interest rate to the assisted persons. The tax-exempt bonds that DEDA issues are “revenue bonds”; thus, DEDA pays the principal and interest on such bonds solely out of loan repayments that it receives from assisted persons.

DEDA does not guarantee the payment of principal or interest on the bonds, and the full faith and credit of the State of Delaware does not back them up. Tax exempt financing may be cost effective for projects involving the issuance of more than \$750,000.

Application for Tax Exempt Bond Assistance

To begin the process of tax exempt bond financing, an assisted person makes an application to DEDA in which it furnishes information about its business, its history and the proposed project.

DEDA’s staff reviews applications for their financial feasibility and their impact on Delaware’s economy. If DEDA accepts an assisted person’s application after review, the Council on Development Finance holds a public hearing on the proposed project and makes a recommendation to the Chairperson of DEDA. The Chairperson of DEDA must approve an application before DEDA can issue a bond.

Eligible Projects

The availability of tax exempt status for bonds issued to finance a given project is governed by various provisions of the Internal Revenue Code of 1986 (the “Code”) and the regulations and administrative rulings (the “Regulations”) of the Internal Revenue Service. The Code and Regulations impose numerous, detailed restrictions on the amount of tax exempt bonds a state may issue. These regulations may be issued for a specific project and on the permissible uses of the bond proceeds. These rules are considerably more detailed than the brief descriptions that follow. In general, eligible projects include the following major categories:

1. Qualified Small Issue Bonds for Manufacturing Facilities or Farmland Acquisition by First Time Farmers. Up to \$1 million (and \$10 million in certain cases) aggregate face amount of tax exempt bonds can be issued for the acquisition, construction, reconstruction or improvement of land or depreciable property used to provide manufacturing facilities. The percentage of net proceeds of bonds used to acquire land with respect to manufacturing facilities must be less than 25 percent. Up to \$250,000 of qualified small issue bond proceeds may be used for the acquisition of farmland and other property by individuals who are “first time farmers,” as defined by the Code, who will be the principal users of such land and who will materially and substantially participate in farming the land. The Code defines first time farmers as individuals who have not, at any time, had any direct or indirect ownership interests in substantial farmland in the operation of which the individual materially participated.
2. Qualified 501(c)(3) Bonds. Tax exempt bonds can be issued for the benefit of organizations that are tax exempt under Section 501(c)(3) of the Code, if 95 percent of the net proceeds of the bonds are used by the organization in furtherance of its exempt purpose. Depending on the project being financed, certain other limitations may apply.

TAX EXEMPT BOND FINANCING (continued):

3. Exempt Facility Bonds. Tax exempt bonds can be issued to finance certain types of utility projects, including sewage facilities, solid waste disposal facilities, facilities for the local furnishing of electricity and gas and other types of facilities.

Sale of Bonds

After approval of a bond issue by the Chairperson of DEDA, the assisted person applying for tax-exempt bond assistance is responsible for arranging for the sale of the bonds.

For further information about Tax Exempt Bond Financing, please contact:

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TECHNOLOGY-BASED SEED FUND:

The Fund's intent is to foster high-wage, fast-growing small businesses in technology fields such as biotechnology, advanced materials, clean energy, information technology, and new chemical applications.

Specific uses of the Fund:

1. Funding technology-based small business start-ups from Delaware-based entrepreneurial engineers, scientists and other technologists from regional companies and institutions of higher learning.
2. Providing equity financing up to \$50,000 per transaction for startup expenses such as laboratory equipment, working capital, lab and office space, patent filings, or prototyping.
3. Matching or leveraging investments in start-ups from other sources such as commercial lenders, non-profit organizations, or related federal grant or loan programs.
4. Ensuring a commitment from the recipient to grow the company in Delaware.

For further information about the Technology-Based Seed Capital Fund, please contact:

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Capital Resources
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Dover, Delaware 19901
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CLEAN ENERGY PERFORMANCE GRANTS:

The purpose of the Clean Energy Performance Grants program is to stimulate the manufacture in Delaware of products that utilize clean energy technologies such as photovoltaic cells, fuel cells and wind energy. Grants are awarded on a first-come, first-served basis based on production in Delaware during a specific calendar year. Grant monies based on manufacture in Delaware of photovoltaic modules, panels and related products with a rated wattage are allotted on a per-watt basis. An awardee must commit to maintain manufacturing operations in Delaware for a pre-determined length of time at a pre-determined level of employment. The total size of the grant pool is \$800,000.

For further information about the Clean Energy Performance Grants, please contact:

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